

**ONE HUNDRED SEVENTH LEGISLATURE - FIRST SESSION - 2021**  
**COMMITTEE STATEMENT**  
**LB595**

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**Hearing Date:** Wednesday February 24, 2021  
**Committee On:** Revenue  
**Introducer:** Albrecht  
**One Liner:** Provide a sales tax exemption for certain products used in the process of manufacturing ethyl alcohol

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**Roll Call Vote - Final Committee Action:**

Advanced to General File with amendment(s)

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**Vote Results:**

**Aye:** 8 Senators Albrecht, Bostar, Briese, Flood, Friesen, Lindstrom, Linehan,  
Pahls

**Nay:**

**Absent:**

**Present Not Voting:**

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**Oral Testimony:**

**Proponents:**

Senator Joni Albrecht  
Troy Bredenkamp  
Tim Scheer  
Roger Berry  
John Hansen  
Jon Cosby

**Representing:**

Introducer  
Renewable Fuels Nebraska  
Ag Leaders, Farm Bureau  
Nebraska Ethanol Board  
Nebraska Farmers Union  
E Energy Adams

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**

LB595 provides a sales tax exemption on the gross receipts from the sale, lease, or rental of and the storage, use or other consumption of enzymes, yeast and related products used in the process of manufacturing ethyl alcohol.

The bill as an operative date of October 1, 2021.

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**Explanation of amendments:**

LB595 includes portions/provisions of the following bills:

- LB672
  - LB502 as amended
  - LB350 as amended
  - LB182 as amended
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LB672 was heard on February 25, 2021, at 1:30 PM in Room 1524

In-Person Testimony

Proponents:

- Senator Dave Murman, Introducer
- Al Juhnke, Nebraska Pork Producers, Nebraska Corn Growers Assoc., Nebraska Soybean Assoc., Nebraska Dairy Assoc., Nebraska Wheat Growers Assoc., Nebraska Farm Bureau, Nebraska Cattlemen
- John Hansen, Nebraska Farmers Union
- Tim Keigher, Iowa Nebraska Equipment Dealers Assoc.

Opponents: NONE

Neutral: NONE

Written Submitted Testimony

-NONE-

Summary for LB672:

LB672 creates a new definition for agricultural machinery and equipment to clarify the sales tax exemption on such equipment.

Agricultural machinery and equipment means tangible personal property that is used directly in:

- Cultivating or harvesting a crop
- Raising or caring for animal life
- Protecting the health and welfare of animal life, including fans, curtains, and climate control equipment within livestock buildings
- Collecting or processing an agricultural product on a farm or ranch, regardless of the degree of attachment to any real property

Agricultural machinery and equipment will includes, but is not limited to, header trailers, head haulers, header transports, and seed tender trailers. It excludes any current tractor model not permitted for sale in Nebraska.

This bill has an operative date of October 1, 2021.

The Committee voted to amend LB672 into LB595.

8 Yes - Linehan, Lindstrom, Albrecht, Bostar, Briese, Flood, Friesen, Pahls

LB502 was heard on February 18, 2021, at 1:30 PM in Room 1524

In-Person Testimony

Proponents:

- Senator Mike Flood, Introducer
- David Rippe, NetChoice

Opponents:

- Lynn Rex, League of Nebraska Municipalities
- Joseph Kohout, United Cities of Sarpy County
- Jack Cheloha, City of Omaha

Neutral: NONE

Written Submitted Testimony

Proponents:

- Jennifer Creager, Lincoln Chamber of Commerce, Greater Omaha Chamber, Nebraska Chamber

Opponents: NONE

Neutral: NONE

Summary for LB502:

LB502 would allow taxpayers with existing agreements, or who have filed applications under the Nebraska Advantage Act prior to the sunset of the Act, the same sales and use tax exemptions that are now provided to taxpayers under the ImagiNE Act.

Traditionally, under Nebraska's tax incentive programs, taxpayers must first document sales and use taxes paid on qualifying equipment and then file refund claims to obtain the tax incentive. Under LB1107 (2020), the provisions of the ImagiNE Act allow qualified applicants to use a direct pay permit ("DPP").

A DPP is presented to the seller and no sales tax is charged to the purchaser. For any taxable purchases made, the taxpayer must be remit the sales tax directly to the Department of Revenue.

LB502 would allow taxpayers with existing agreements under the Nebraska Advantage Act, or who filed applications under the Act prior to the sunset of the Act, to utilize this same DPP process for purchases of qualifying equipment. The DPP must be issued within 60 days of the effective date of the bill for taxpayers with existing agreements. Nebraska Advantage Act applicants who have not yet executed an agreement with the State would receive a DPP upon execution of the agreement.

Taxpayers are allowed to opt out of this provision if they do not wish to apply for a DPP. For taxpayers with agreements in effect prior to the effective date of the bill, an election may be made to apply for a DPP. Absent any election by the taxpayer, the traditional method of filing sales and use tax refund claims will apply.

The Committee voted to amend LB502 as amended into LB595.

8 Yes - Linehan, Lindstrom, Albrecht, Bostar, Briese, Flood, Friesen, Pahls

The committee adopted AM388. The amendment adds two provisions. It requires any taxpayer who is issued a direct pay permit to comply with all data disclosures requirements that are included in the ImagiNE Nebraska Act. The second provision requires the Tax Commissioner to disclose the identity of each taxpayer who elects to utilize a direct pay permit and to disclose the location of the project to the municipality in which the project is located within 30 days after the election is made.

LB350 was heard on February 19, 2021, at 1:30 PM in Room 1524

In-Person Testimony

Proponents:

- Senator Lou Ann Linehan, Introducer
- Timothy McCoy, Nebraska Game and Parks Commission
- Jim Swenson, Nebraska Game and Parks Commission
- Jim Craig, Game and Parks

Opponents: NONE

Neutral: NONE

Written Submitted Testimony

Proponents:

- Scott Smathers, Nebraska Sportsman's Foundation

Opponents: NONE

Neutral: NONE

#### Summary for LB350:

LB350 would extend the sunset date from October 1, 2022, to October 1, 2027, for the distribution of sales and use tax to the Game and Parks Commission Capital Maintenance Fund from the sale of motor boats, personal watercraft, all-terrain vehicles and utility-type vehicles.

The Committee voted to amend LB350 as amended into LB595

8 Yes - Linehan, Lindstrom, Albrecht, Bostar, Briese, Flood, Friesen, Pahls

The committee adopted AM598 which requires the Game and Parks Commission to provide a report to the Legislature on or before December 1, 2021 and by December first of each year thereafter through 2027. The report shall contain a list of each project that received funding from the Game and Parks Capital Maintenance Fund during the most recently completed fiscal year and a list of projects that will receive funding during the current fiscal year from the fund.

LB182 was heard on February 5, 2021, at 1:30 PM in Room 1524

#### In-Person Testimony

Proponents:

- Senator Lou Ann Linehan, Introducer

- Chris Peterson, T-Mobile, AT&T, US Cellular, Verizon, CTIA-The Wireless Association, Crown Castle, Wireless Infrastructure Association, Viaero

Opponents: -NONE-

Neutral: -NONE-

#### Written Submitted Testimony

-NONE-

#### Summary for LB182:

LB182 adds an exemption from the definition of gross receipts for purposes of the sales and use tax.

It would exempt the gross receipts received from the provision, installation, construction, servicing, or removal of property primarily used in conjunction with the furnishing, installing or connecting of Internet access service.

Internet access service providers typically lease space on towers for their equipment used in providing their services. These towers are owned by unrelated third parties. This provision would exempt the lease payments from sales and use tax.

This is similar to provisions that were enacted for political subdivisions and electric cooperatives that lease space on their electric generation, transmission, distribution or street lighting structures. See LB284 Sect.2 (2019) and LB923 Sect.1 (2020).

The Committee voted to amend LB182 as amended into LB595

7 Yes - Linehan, Lindstrom, Albrecht, Bostar, Briese, Friesen, Pahls

1 PNV - Bostar

The committee adopted AM140 which clarifies that the exemption from sales and use tax only applies to the lease or use of towers or structures for the furnishing of Internet access service. All other tangible personal property used in furnishing Internet access service remains taxable.

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Lou Ann Linehan, Chairperson